

Message Text

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70

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

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R 190835Z OCT 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7623

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E.O. 11652: N/A

TAGS: ETRD, JA, US

SUBJECT: EMBASSY'S EFFORT TO REDUCE BARRIERS TO SALE OF
U.S. CIGARETTES IN JAPAN

REF: TOKYO'S 8864

SUMMARY: AS RESPONSE QUESTIONS RAISED BY EMBASSY (REFTEL)
MINISTRY FINANCE INDICATED NUMBER OUTLETS PERMITTED SELL
IMPORTED CIGARETTES CONTINUALLY INCREASING. EMBASSY
EXPRESSED VIEW MOVE WAS WELCOME BUT INSIGNIFICANT IN LIGHT OTHER
REMAINING BARRIERS TO CIGARETTE SALES AND WOULD CONTINUE PRESS
FOR GREATER LIBERALIZATION. END SUMMARY.

1. AT VICE MINISTER OF FINANCE'S (MOF) INAMURA'S INVITATION,
ECONCOM/MIN WENT TO MOF OCTOBER 16 TO HEAR VICE MINISTER RESPONSE
TO ISSUES RAISED BY ECONCOM/MIN ON JUNE 29. VICE MINISTER
STATED THAT NUMBER OF OUTLETS PERMITTED TO SELL "LIBERALIZED"
IMPORTED BRANDS WHICH INCLUDE THREE AMERICAN BRANDS CONTINUES
TO INCREASE AND IS NOW 11,000, (OUT OF MORE THAN 200,000
OUTLETS). ANOTHER SIX BRANDS WHICH INCLUDE THREE
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AMERICAN BRANDS HAVE BEEN "SEMI-LIBERALIZED", I.E.,

THEY CAN BE SOLD IN 3,500 OUTLETS. (ALL OTHER FOREIGN BRANDS CAN BE SOLD IN ABOUT 2,800 OUTLETS.) VICE MINISTER STATED THAT JAPAN MONOPOLY CORPORATION (JMC) IS STUDYING POSSIBILITY OF INCREASING PROFIT MARGIN ALLOWED TO RETAILERS ON SALE OF IMPORTED CIGARETTES. (IT IS PRESENTLY SIX PERCENT COMPARED WITH EIGHT TO TEN PERCENT RECEIVED ON DOMESTIC BRANDS.) DECISION ON THIS MAY BE REACHED BY THE END OF JAPANESE FISCAL YEAR.

2. REST OF VICE MINISTER'S STATEMENTS WERE REPETITION OF STANDARD JMC LINE, INCLUDING STATEMENT THAT JMC WAS DOING THEIR BEST TO INCREASE SALES OF IMPORTED BRANDS, AND THAT JAPANESE TASTE PREFERENCES ARE DIFFERENT.

3. ECONCOM/MIN REPEATED U.S. POINT OF VIEW THAT WE WOULD WELCOME SITUATION IN WHICH TASTE PREFERENCES WERE DECIDING FACTOR, BUT THAT CANNOT OCCUR AS LONG AS PRESENT BARRIERS TO SALE OF IMPORTED CIGARETTES EXIST. ECONCOM/MIN NOTED THAT MINOR INCREASE IN NUMBER OF OUTLETS DESCRIBED BY VICE MINISTER WAS WELCOME, BUT THAT THESE WERE RELATIVELY INSIGNIFICANT GIVEN THE NUMBER AND EXTENT OF OTHER OBSTACLES TO SALE OF U.S. CIGARETTES IN JAPAN. U.S. THEREFORE, WILL CONTINUE TO PRESS FOR FURTHER LIBERALIZATION.

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